

The Regulatory Sandbox

Zambia Securities and Exchange Commission (SEC) and UN Capital Development Fund (UNCDF) developed the Regulatory Sandbox to enhance Zambia's digital economy. Through the Sandbox, SEC and UNCDF will collaborate on creating an enabling policy and regulatory environment that encourages innovations in the Zambian capital market. After an open application process, four companies have been admitted to the Sandbox and will begin testing their innovations in a controlled market to assess each products' performance.

The Regulatory Sandbox Innovations



LupiYa offers peer-to-peer lending and investments to small and medium businesses and individuals. Lupiya uses an innovative credit decisioning and collections platform to ensure that loans and investments are secure. Customers are offered the opportunity to apply for a loan that suits their purpose and financial profile. About 70% of Lupiya's borrowers are small and medium enterprises, and the company offers low interest rates, with some flexibility to negotiate the rates. This product expands the financing opportunities available for SMEs, which are critical to Zambia's economy.



PremierCredit is a fintech that offers microloans to small-scale traders and local entrepreneurs. For the loan products, PremierCredit uses an artificial intelligence-based loan origination platform to vet borrowers, who usually need funds to support their business operations and resupply stock. With the newly-launched investment product that's starts as low as K500 with attractive returns, Investments are in pre-vetted secured loans. Investors are able to select the category of investment that suits them -- from high-risk to low-risk investments, invest using mobile money or make card payments directly on the e-commerce platform and view their account balances and performance of their investments online at any time. These loans and investment opportunities offer Zambians a variety of ways to grow their businesses and their money, and better secure their financial health.

The Regulatory Sandbox Innovations



The Lusaka Securities Exchange Plc (LuSE) in partnership with Escrow Group has developed the GEM Portal, an innovative online platform solution designed to assist Small and Medium Enterprises in raising capital. As the premier capital raising platform in Zambia, the LuSE plays a pivotal role in providing a platform where SMEs can raise the necessary funding for their businesses. Given the unprecedented time we are living in, especially with advent of Covid-19, the GEM Portal presents opportunities for SMEs to be more accessible to funders through the Portal. The GEM Portal is an online portal that enables SMEs to i) apply for debt or equity funding through an online application process, ii) access nominated advisors for guidance through the application process including, where applicable, assisting in applying for securities exchange listing, iii) access to various capital raising options, iv) visibility of the applicant and their business model to multiple investors and other providers of capital.



Kukula is offering a platform to allow Zambians to participate in global securities trades of blue-chip stocks, bonds and cryptocurrency assets. By using the secure Direct Management Access platform, Kukula offers an opportunity for Zambians to broaden their investments, which are managed by Kukula Capital. An investment innovation such as this enables Zambians to diversify their investments and better secure their financial health.



LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.