

Recording:

The future of business is responsible.

[foreign language 00:00:16].

Conscious co neglect, growth impact.

[foreign language 00:00:16].

The future of the business is intentional and transparent.

[foreign language 00:00:20].

Katherine Dellar:

Hello and welcome to the Future of Business podcast produced by Oxford MBA students at the Said Business School. My name is Katherine Dellar, I'm your host for this episode, and I'm delighted to be joined by one of my fantastic MBA classmates, Diego Rojas. I'm going to let Diego introduce himself, go ahead.

Diego Rojas:

Hi Katherine. I'm also really excited to be here, thanks for the invitation. I was waiting for this the whole week, so happy to be finally here. Well, my name is Diego, I am from Bolivia. I was born and raised in Bolivia. I lived there until I was 25 years old and then I moved to the US for a couple of years. I work in Italy for three years and I've been here in Oxford for the last two years. The first year I was doing a master's in public policy and now I'm doing an MBA.

Katherine Dellar:

You've really been around the world, Diego. I'm really looking forward to unpacking that. I'm going to start with a question that we're asking all of our guests on this podcast, which is, what's a preconceived notion you had before you came to Oxford or the business school, that's since been changed?

Diego Rojas:

Well, when I was about to start my MBA, actually when I was applying for the MBA, I saw the MBA as an opportunity to take many classes in order to learn the different skills that I needed in order to become an entrepreneur and become a leader at my startup.

And then when I came I found out that the MBA is not just about classes, but it's about everything that is happening surrounding the classes, I've met wonderful classmates. And there are so many extracurricular activities that have added so much to my journey here at the MBA.

I feel like my first impression that the MBA was just going to be like an academic degree has totally changed so far.

Katherine Dellar:

Great, and tell me about some of these extracurricular activities?

Diego Rojas:

Well, yeah, last year I had the opportunity to organize the Latin American Conference, which is something that I was not expecting. But it was a really great experience to get to know other people from my region and also other leaders from my region.

And then this year I've taken part of the Impact Finance Lab, which was a weekend looking into impact investment, is something that I really wanted to do. And when I saw that it was not on the core curriculum, I was a bit afraid I was not going to learn about that. But I feel like just having a weekend on that, was totally great.

And then I also took part on the SDG Lab, which was a four weeks internship working on SDGs in Tenerife with Easy Jet holidays. And that was also a great experience that I was not expecting to find here at Oxford.

Katherine Dellar:

Perfect. And you mentioned in your introduction your startup, I'd love to hear more about this. You're the co-founder of a startup called PasanaQ. I'd love to hear a little bit more about what PasanaQ does?

Diego Rojas:

I started working on this idea three years ago, one year before I started the MBA. And actually one of the reasons why I decided to do the MBA was because I wanted to see if there was a chance for me to work on this idea full time.

What PasanaQ is doing, we are trying to democratize access to financial services in Latin America, and we are doing it through the digitization of an informal savings practice that is pretty common in many developing countries. We are working with ROSCA, ROSCA is the acronym for rotating savings and credits associations.

And ROSCA is a way in which people save money alongside their friends and family. It's a really interesting way of saving money that is present in more than 70 different developing countries. It's mostly informal. All of the payments are made in cash, and 20% of Latin Americans save money in this way.

What we are building with PasanaQ is a platform that allow people to keep track of their ROSCA groups, to digitize their ROSCA groups. And we started making use of all of the payment information that they have on these ROSCA groups to allow them to build an alternative credit score. And to allow them to get access to our financial services, such as insurance or micro loans or buy now pay later schemes. We've been working with this for three years and Oxford has been really helpful in order to take PasanaQ to the next stage.

Katherine Dellar:

And what brought you to start PasanaQ, what was your journey to having that idea?

Diego Rojas:

I feel it's an interesting journey that I started a long time ago. Actually my idea of working on financial inclusion started when I moved to the US. I'm an engineer by training, I'm a mechatronics engineer, and I actually moved to the US in order to continue my engineering studies. I was doing a masters in renewable energies.

But one thing that shocked me the most when I moved to the US was the realization that financial literacy was something that could really have an impact in everyone's life. When I moved to the US I thought that in order to invest money, you needed to have a degree in economics, you needed to have tons of money, you needed to have lawyers working for you. And I was also really afraid of credit. I thought that credit was only bad, that credit was not a good way of living your life. And that credit cards were the worst thing that could ever happen to you, because banks just wanted to rob you.

But after living in the US and talking to a lot of people and taking some online courses, I started investing \$10 on Robinhood with only some basic knowledge and some basic courses. And I also realized that with a credit card, if I was making payments on time, it was only beneficial to me and that it was allowing me to do things that otherwise I could not.

It took me 25 years to realize how important is financial inclusion and financial parity. And that was happening to me, and I feel like in a way I was a privileged person. I was coming from a private school, from a private university, and I had the opportunity to move to the US to study. I was really privileged compared to the rest of the Bolivians and rest of Latin Americans. I realized that most of the people in Latin America will never have had the chance to realize how important financially serious it was for them. And that they will never have had the chance to have this opportunity to go abroad, to have this realization.

So ever since, I decided that eventually I wanted to help bring financial inclusion to Latin America. This was seven years ago, back then I didn't know how to do that, but that was already like a seed that was planted on my mind.

I moved to Italy in order to keep continue working on engineering. And while I was in Italy I started talking with who is now my co-founder, he's also from Bolivia, he's way younger than me, he just finished his undergrad degree. But he's a person who is really, really energized. And since I met him in the US for a brief conference, he told me that he also wanted to work on financial inclusion and he convinced me to get on a call with him once every month in order to discover how we could eventually do something together.

And after like I said some months, that we were talking about financial inclusion, about academic courses, in order to do this, we realized that there was a practice that was really coming in Latin America. And we realized that people in Latin America did know the importance of saving money, they did know the importance of getting a loan. The thing was that they were not getting a loan or saving money in ways in which we call the formal ways of saving money or formal ways of banking, but they were already saving up to 20% of their monthly income in these informal saving clubs.

So we realized that if we wanted to bring financial inclusion to Latin America, we did not need it just to copy what Europe has done or what the US has done. But we needed to start working on something connected to our culture, to the traditions that Latin Americans have. And in this way, ROSCA is something very traditional. Actually ROSCA is so traditional that it has a different name in every country because people associate it to their culture.

In Bolivia ROSCA is called pasanakus. Pasanakus is a word that means saving money, and that's why we decided to call our startup PasanaQ. So once we realized that people were already saving money on this informal saving clubs, we decided to build a platform that will allow people to keep track of the ROSCA groups. And we decided to start working on financial inclusion starting on that.

I was moved in my work in Italy from being an electrical engineer to being a software engineer. They were so nice to me that they were teaching me how to code mobile apps, how to go backend, front end, webpages. So during the day I was learning all of this stuff and I was working for my company. And during the night I started coding my own app, which was like PasanaQ back then.

After a year that I was working alongside my co-founder on this app and doing some research and doing some interviews and working on the prototype of the app, I realized that it was time for me to try to see if there was a bigger opportunity, and that I really wanted to go back to Latin America after five years of being abroad. I really wanted to have an impact in Latin America.

So I saw the MBA as an opportunity for me to make the transition from my full-time job as an engineer, to lead this initiative and go back to Latin America, to see how big its real impact will be.

Katherine Dellar:

And how big has it been, what's the stage is PasanaQ at, at the moment?

Diego Rojas:

It's been a difficult journey. When I decided to become an entrepreneur, I didn't know it was going to be that tough, that difficult. But it's been an exciting journey as well. We've created a team of eight people who are working now full-time back in Bolivia.

Thanks to the connections that I made here at Oxford, we were able to fundraise a small round last year, we fund raised \$150,000 from a VC from the US, a Family Office in the US, and other Angel Investors from Latin America. So with that 150 K we are now fully operational in Bolivia, with a team of eight people working full time. And we have enough runway until July this year.

We launch our official app on the Apple market, on the Android market last year in October, and so far we have 5,000 users. And we also have one B2B customer, which is the largest bank in Bolivia. We are integrating the platform that we created with the platform that they have, with their mobile app that they have for their users. So they are offering what we are doing as an extra benefit to their users. We are getting paid a monthly fee from this bank.

We are at the moment now where we are thinking about fundraising again, we'll be fundraising starting the next month. Because we saw that there is a huge opportunity especially in Colombia and in Mexico, we want to scale to one of these two countries because ROSCA is something that is really common in these two countries and they have many similarities with Bolivia. A really big informal economy that doesn't allow people to have a collateral in order to get a formal loan. And we think that with PasanaQ and with ROSCA, we can help people get access to a better interest rate on these loans.

So our next step is to keep scaling, keep testing, and keep adding other financial services on top of the platform that we already have.

Katherine Dellar:

Yeah, getting 5,000 users already is amazing. And that's just in Bolivia right, so far?

Diego Rojas:

Yeah, it's just in Bolivia. The thing is that one of the biggest learnings that I've had during this last year, was that I initially coded the app thinking of what I wanted to see on an app. And then when we tested this app with our customers, we were getting really, really bad feedback, because our customers are not like me. They are from a different background, they don't have two master's degrees in Oxford. And they have an informal business, they don't have a formal salary, a monthly salary.

We realized that if we wanted to create an impact on people, we needed to build things based on what people wanted, not based on what we wanted, what we thought they wanted. So although we have 5,000 users, our conversion rate is 30%, it was 15% before, it was way lower. Because we have been slowly realizing that all of the changes that we need to do shouldn't be based on what we think is best for them, but it's mainly based on the conversations that we have with them, and on the feedback that they give to us on the platform.

Katherine Dellar:

And one of your big focuses for the future is this alternatives credit score. Part of the goal I understand of PasanaQ, is to gather the data to be able to put forward these alternative scores. Can we talk a little bit more about that?

Diego Rojas:

Sure. I think I'm going to start by describing briefly how ROSCA works for people who are not familiar with the term. ROSCA is an informal saving club as I said, it's a club of people that decide to save money together. It's usually people who have relationships with them, they are either friends or coworkers or family members.

Let's say that me, alongside other four people, decide that we want to create a group, and we decide that each one of us want to save \$100 every month. On the first month we are five people, each one putting like \$100 on a common pool of money. And those \$500 are going to be withdrawal by me. On the second month all of the people are putting the same amount of money on the common pool again, and those \$500 are going to a second person. On the third month to a third person, until the fifth month in which the last person withdraws the fourth \$500.

So at the end everyone withdraws all the money that they put. But for me, for the person who receives the money at the beginning, it's like getting a free loan because I'm getting \$500 from time zero, and I'm just paying \$100 every month in order to pay back that loan. And for the person who receives the money at the end, he will think that it's just like any other way of saving money.

But what's nice about ROSCA is that it adds an extra social pressure for this person because this person cannot stop saving money because on Christmas he spent too much money on presents, because his family and friends depend on him saving \$100 every month.

So actually ROSCA allow people to achieve their saving goals, and that is why ROSCA is so important in Latin America. It's not only about the financial benefit that you get out of ROSCA, but it's also about this feeling of belonging to a community, this feeling of knowing that you are helping your friends save money, but that they are also helping you achieve your saving goals.

As I said, people in Latin America, 20% of them save money with ROSCA and they spend up to 20 or 25% of their monthly income on ROSCA. And we are talking about people who as I said, don't have a formal job, who have a small business and they don't have a monthly income that they can show to a bank in order to get a loan.

So if we are able to digitize this information, we can eventually say, "Okay, Katherine doesn't have a formal job, she doesn't have a monthly income that she can show, she doesn't have a big house. But she has been saving \$200 every month for six months without missing a single payment and without being delayed by more than one day on her payments. So we know that if we offer Katherine a \$1,000 loan, she's going to be able to pay us back."

And this is huge in Latin America, because currently these people only have access to what we call shark loans or to microloans which have become really common all around the world. But these microloans or these shark loans, their interest rates are from 30% up to 100% yearly. So it's a huge burden on people who are the poorest people.

We think that by digitizing ROSCA and by digitizing all of this information, that all of these savings that people already have, we're going to be able to offer them access to better interest rates. Either with us, or we can either connect them with a credit bureau or with other financial institutions that are going to finally be able to see all of this information that has so far been hiding from the financial system.

Katherine Dellar:

So it's a real way to basically as you said originally, democratizing financial services, bringing more people into the system and allowing more access to these services for them?

Diego Rojas:

Yeah, exactly. One other thing that we think we are building with PasanaQ, is that we are one of the few startups who are working on something that is culturally connected to people. We are not just another bank who are going to the rural area and telling Diego, "Diego you need this, because all of the people in the US, if they are rich they get the loans, they have a bank account. So we know what's best for you."

We are building something starting from what people can relate to. And if we are able to gain peoples' trust because we can show them that we can understand their needs, we're going to slowly be putting more financially [inaudible 00:18:31] content on our platform because we want to tell them, "Okay, so far you can keep using ROSCA as a way of saving money. But what if you watch this video, and what if instead of spending the money that you get out of ROSCA, you open a bank account with us? What if you get insurance for your family with us? What if you get a microloan with us so you can grow your business, and we're going to tell you when an interest rate is good or when an interest rate is bad for you?"

So that's why we think that we're going to have the possibility to really connect with people, to gain peoples' trust. And if we gain peoples' trust, we're going to be able to offer them access to our financial services. Our main goal, our ultimate goal, is to be able to include all of these people that have been saving money, that have been getting loans, that have been slowly improving their lives, finally including them to the financial system.

Katherine Dellar:

That's great. And I understand at the moment the money is still kept in the traditional ROSCA arrangement, it's more PasanaQ is a way to track that, and hence get the data that we spoke of before?

Diego Rojas:

Yeah, exactly. Because at this point, we don't want to force people to open a bank account with us. Because at this point they don't see the benefit of opening a bank account with us. What we are doing is what you just said, we are just tracking what people are doing on the ROSCA groups.

So people are still paying their ROSCA payments in cash and they are still handing all the groups in cash. But if we know when a person has paid, how much he has paid, we are finally able to digitize that information. And slowly and eventually, once we gain their trust and once they start understanding what is the benefit of having a bank account, what is the benefit of getting a small interest rate off your bank account, they may be open or willing to open us the door to offer them access to these other financial services.

Katherine Dellar:

Excellent. And let's bring it back to the Oxford context. You mentioned that your connections in Oxford were really helpful to getting that first \$150,000 of funding, can you explain that a little bit more?

Diego Rojas:

Yeah, I feel like Oxford was fundamental in this journey. Actually when I came to Oxford for my MPP, I was talking of this idea to my friends, because I just wanted to get some feedback on what we were working on and what we were building. And then one of my friends told me, "Could I invest on your idea

or can I help you? What if you think about this other way in which we can improve the platform that you are working on?"

So it was thanks to my friends and the people that I met here at Oxford that I realized that there was a real opportunity on what we were building. That we could have a real impact, not just in Bolivia, but Latin America. And it was while I was here in Oxford that I decided, and we decided as a team, to really give it a go and try to fundraise our money that will allow us to have a full team working on this and to really make it grow.

I started going to different panels, I started going to different talks, talking to different investors, talking to professors. I was doing the MPP back then and I took an elective year at the business school, I took an elective on entrepreneurial finance. The elective was really good in order to help me understand how to fundraise, what to show to investor, what VCs were interested on. So that was really helpful.

And also finally I had the opportunity to do an internship in a VC firm before starting my MPP. And that was because I already had the Oxford brand on my CV I feel, I think. So that was also really helpful because I was able to see what investors were looking at.

It was a bit tough. I think I ended up talking to around 70 people. Many of them told me that they didn't invest in Latin America, that they didn't really understand what we were working on, because as I said ROSCA is something really, really traditional, really typical to developing countries, but it's not that common in the UK or in Europe.

A lot of people told me that they wouldn't invest. But when I hear that from them, I kept asking them, "Do you know someone who will be interested in what we are doing or someone who has interest in Latin America?" And eventually I ended up meeting my two investors here. One of them, I met them at the talk, they came here to choose, because one of the older partners is an Oxford alumni, so he comes here once every year in order to look for interesting startups from around the world.

And the other investor I met was because I signed up for a pitching night here at Oxford, and there is this pitching night I think once every two months. And I just came here to test my pitching skills. And luckily I got one investor who attended the session who was really interested in what we were building.

So it was an interesting journey. I feel like without Oxford, definitely it will have been way much, much more difficult to fundraise. I'm not even sure if I will have been able to fundraise without being here at Oxford.

Katherine Dellar:

It's really encouraging. So at the moment in the MBA we're taking on a part of the program called the Entrepreneurship Project, which as you mentioned pitching, I think we had about 50 different MBAs pitching different business ideas at a session a few months ago.

But you have a team working on PasanaQ as part of Entrepreneurship Project. Can you explain what that experience has been? What are you trying to achieve for the business through this part of the MBA program?

Diego Rojas:

Yeah, sure. First of all I feel like EP is great. It's so nice to see that almost everyone at the MBA is now going through the same journey that I've been going through the last two years, so there is a lot of empathy there. I really like it. And I've seen really, really interesting ideas that I think that they have so much value and so much future.

And then talking about my EP team, it has been so good to have them, because I see them as my advisory board. I still have my team working full-time in Bolivia on the day-to-day operations. But in Bolivia I don't have access to this team of experts to people who have been leading a startups in Africa, or who have been doing consulting in two or three different countries.

So my EP team is really diverse, I have someone from Argentina, two people from Nigeria and one person from Japan. And they have been adding so much value to what we are doing. They are basically helping us understand how we can improve our retention rate, and that is fundamental for what we are working on with PasanaQ.

It's been one month so far, I still have two more months with them. And as I told them, I feel like they are going to be really important in my journey on this task that I have now of fundraising money, again. They are going to help me with the investment there, with the data room and with everything we need in order to have everything finalized so we can start fundraising starting next month.

Katherine Dellar:

Yeah, and tell me more about the plans for fundraising. What are you targeting for this next round of fundraising, in terms of particular types of investors, locations of those investors, what can you share?

Diego Rojas:

Perfect. Yeah, sure. I don't have the final details of the round yet, but I think we're going to be fundraising around 1 million or 1.5 million. The idea is to have enough runway for two years. And to keep operating in Bolivia, but also to scale to Mexico, which is the largest market as I said, for ROSCA in Latin America.

We are going to be approaching these investors interested in the Latin American market, but we are also going to be approaching impact investors. I didn't mention this but the family office that invested in us, they are an impact investor and they are focused on startups who can have a positive social impact in their communities. And I feel like that on that side we can do so much not only in Bolivia, but in Latin America in general.

So yeah, I feel like our fundraising approach is going to be to talk to anyone who will be interested in creating a positive impact in Latin America. And by doing it we feel that we're not just going to create a positive impact, but we are also going to have the opportunity to provide good returns to our investors.

Katherine Dellar:

That sounded like the end of a pitch, I loved it. Okay, I want to talk a little bit more about the future for PasanaQ. We've heard these plans to expand to Mexico and Columbia a bit, and I understand that you might even be considering moving the headquarters for your team to Mexico, so really interested to hear more about that?

Diego Rojas:

Yeah, we are really excited about what we are building. I feel like it was difficult, but we were able to create a really united team, a team that really works well together. And just because we understand that our main impact can be in Mexico, anyone in my team is open to moving to Mexico.

We are now working with McKinsey on their accelerator program, and they have been really helpful in helping us understand how big of a market Mexico is, which are the problems and the issues that people are facing in Mexico. And we can totally relate to that, I feel like Mexico is really similar to Bolivia.

Yeah, we are really excited to see how the future is going to look like for PasanaQ. We are still going to be operating in Bolivia, that's where we are from, that's a country that we love. We feel that we can have so much impact there. But we also think that Latin America shares a common culture, we share a common language, there are so many similarities between Latin America. You may have seen this, but here at the NBA it's not like we have a group of Bolivians or a group of Argentines, but it's a group of Latin Americans.

So I feel like we definitely need to need to scale to the rest of Latin America. It's just a matter of how long it's going to take us. Because one thing that we want to do right, is to connect with the differences, with the small differences, nuances that there are between different cultures. We don't just want to copy what we are doing with PasanaQ in Bolivia in Mexico, but we need to understand first which are the different ways in which people use ROSCA in Mexico, which are the differences in political and social issues in Mexico, because we need to connect with them culturally and we need them to trust us. So we want to take the scale process slowly. We don't want to go to all of the Latin American countries at the same time, but we want to go step by step.

Katherine Dellar:

And did the MPP help you with understanding that political and cultural context? I'm curious as to what sort of takeaways you had from the MPP, other than those initial connections that you mentioned that helped you get your first round of funding?

Diego Rojas:

Before starting the MPP my background in public policy was zero. So it was great in the sense that it helped me understand how regulations work, like how the private sector can work alongside the public sector towards providing better goods for people in general.

And it gave me a really good framework to think about, especially talking about PasanaQ, because we are working with ROSCA. And ROSCA is something that is not regulated in many or most of the countries in Latin America. So we are going to have to eventually approach to regulators and to work with them. So the MPP was really good in that sense, in helping us understand which are the steps that we need to take. And which are the timeframes that we need to take into account if we eventually want to become something big in Latin America.

Katherine Dellar:

Okay. And so looking to the future Diego, I'm curious if you'd put your hand to starting another business. Let's imagine PasanaQ's very successful, well certainly hope it's very successful, it gets acquired and you're looking for your next step. Is there another business idea you've got in the pipeline?

Diego Rojas:

I wouldn't say that there is a business idea, but I have a passion that I would like to continue working with, which is education. I would like to be connected to education in the future. I feel like a country can benefit so much if we invest in education, especially in Latin America. And I don't know if that's going to be starting a business that's working on education, or working from the public sector into improving education in my country. But that's definitely something that I want to continue working on.

Five years ago I founded an NGO that is working with education in Bolivia, we are helping people get access to scholarships abroad, because I think that this gives them better opportunities to improve as people and improve as professionals. But the impact that we've had so far, I feel like it's really limited.

So I feel like there is so much that I can do, and that's something that I will definitely like to continue pursuing after PasanaQ is successful and after we make an interesting exit in the Latin America market.

Katherine Dellar:

Okay, you've got so much exciting things on the horizon. We end every podcast with the same question to all guests, and this is another future focused one. So seeing as we're called the Future of Business podcast, my final question to you Diego is, what do you think the future of business will look like in 100 years, so in 2123?

Diego Rojas:

I hope that in 100 years inequality is going to decrease, because a lot of entrepreneurs are going to start looking or are going to continue looking at how to improve the lives of the poorest people around the world.

I'm really hopeful about this because I've seen a lot of interest of investors interested in investing in Latin America or Africa or Asia. And I feel like by investing in these countries, you can totally change people's life.

If you work on a startup in the US or in Europe, you are marginally improving people's life because they are already well off. But if you go and invest in Latin America, you are basically doing impact investment, it doesn't matter what you are investing on.

So hopefully in 100 years we're going to see way less inequality, and I feel like that's going to be because of entrepreneurs. I really have a lot of faith in entrepreneurs in these developing countries, and what they can achieve. Especially because I'm seeing a lot of entrepreneurs who have grown in these economies, who have seen these issues, who have felt this pain. And not only entrepreneurs who studied in Harvard or in Oxford and decided to go back to their regions, because they think that they saw what people needed. But I'm really hopeful about seeing a lot of entrepreneurs coming from these marginalized backgrounds and working on issues that they feel are representative to their communities.

Katherine Dellar:

Diego, it's been an absolute pleasure having you on the podcast. Thank you so much for your time and taking us through the PasanaQ journey.

Diego Rojas:

Thank you Katherine, it's been my pleasure, I've had a great time. This was my first podcast in English, so I'm really proud about that too. And hopefully we'll be talking again.

Katherine Dellar:

I look forward to it. That's all for this episode of the Future of Business Podcast. Thank you for listening. If you enjoyed this podcast please get on wherever you get your podcasts and subscribe, so the next episode is ready for you. I've been your host, Katherine Dellar, thanks very much.