

Press Release

Immediate release

Funding Societies raises US\$7.5 million from Norfund, bringing financial inclusion for SMEs in Southeast Asia



L-R: Kelvin Teo, Co-founder & Group CEO, Funding Societies | Modalku; Fay Chetnakarnkul, Regional Director (Asia), Norfund

Singapore, 2 November 2023 – [Funding Societies | Modalku](#), the largest unified SME (small and medium enterprises) digital finance platform in Southeast Asia, today announced that it has raised US\$7.5 million in debt from Norfund, a Development Financial Institution (DFI), which operates an investment fund owned by the Norwegian government for developing countries. This is the first debt transaction by Norfund with a FinTech SME lender in Southeast Asia.

Impact investments made by DFIs in Southeast Asia have seen a steady investment of about [US\\$ 2 billion annually between 2017 and 2022](#) (amounting to over US\$12 billion). Over half of these investments were channeled into the financial services sector, with the majority of the capital deployed through debt instruments. DFIs have the capacity and capabilities to support SMEs where commercial lenders and governments cannot – due to their strong financial position.

This is where Norfund comes in where one of its core areas of investments is to increase financial inclusion where it has contributed about US\$4.54 billion in lending to 7.5 million clients to date. Funding Societies, in its mission to empower SMEs and provide them with greater access to credit, has achieved over US\$3.2 billion in business financing serving about 100,000 SMEs across the region. Through this debt fundraise, the FinTech lender will be able to channel the

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funds via its range of tailored financing solutions to the SME segments across all the five markets it operates in.

Co-founder and Group CEO of Funding Societies | Modalku, Kelvin Teo, said, “We’re honoured to partner with Norfund, backed by the Norwegian government. This milestone is not only a testament to our credit track record through Covid-19 and macro uncertainties, but also a timely opportunity to satisfy the growth capital needs of more underserved SMEs in Southeast Asia. We appreciate Norfund’s support in our mission and commitment to giving a fair opportunity for SMEs.”

Businesses categorised as micro, small and medium enterprises (MSMEs) account for 99.9% of total establishments in the ASEAN region – contributing to [44.8% to the region’s GDP](#) (gross domestic product). This debt transaction will serve as a bridge, via Funding Societies, for the funds Norfund manages between the public and private sectors in mobilising the reach of its investments further into Southeast Asia.

Fay Chetnakarnkul, Norfund’s Regional Director (Asia), said, “We have been impressed with how Funding Societies has been able to serve Southeast Asia’s underserved businesses with its broad range of financing solutions and solving cash management challenges faced by these SMEs. We are pleased to be able to support Funding Societies as the company expands its reach and increases financial inclusion further, enabling more businesses to grow and create much-needed jobs in the region.”

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About Funding Societies | Modalku

Funding Societies | Modalku is the largest unified SME digital finance platform in Southeast Asia. It is licensed in Singapore, Indonesia, Thailand, registered in Malaysia, and operates in Vietnam. The FinTech company provides US\$1 billion annually of business financing to small and medium-sized enterprises (SMEs). Its recent strategic milestones include its acquisition of regional digital payments platform CardUp and co-investment into Bank Index in Indonesia.

Funding Societies | Modalku is backed by SoftBank Vision Fund 2, SoftBank Ventures Asia, Sequoia Capital India, Alpha JWC Ventures, SMBC Bank, BRI Ventures, VNG Corporation, Rapyd Ventures, Endeavor, EBDI, SGInnovative, Qualgro, and Golden Gate Ventures among others. It has received accolades from Brands for Good (2019, 2023), Global SME Excellence Award, Global SME Finance Awards by IFC (2021-2023) Global Startup Awards (2020), MAS FinTech Award (2016, 2021) and more. For more information, please visit: www.fundingsocieties.com

About Norfund

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Norfund is the Norwegian Investment Fund for developing countries. Our mission is to create jobs and to improve lives by investing in businesses that drive sustainable development. Norfund is owned and funded by the Norwegian Government and is the Government's most important tool for strengthening the private sector in developing countries, and for reducing poverty. Norfund's committed portfolio totals 3.1 billion USD in Sub-Saharan Africa, South-East Asia, and Central America. Norfund has four investment areas: Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure. For more information, please visit: www.norfund.no

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