Partnership and Financial Innovation

Reall and unlocking affordable housing markets in urban Africa and Asia

Andrew Jones, October 2020
Mortgage-to-GDP ratio in selected countries (most recent data available).

Figure 1 | Half or more of all employment in the global South is informal, with the highest rates in Africa (and South Asia)

- Africa: 76%
- Arab Nations: 64%
- Asia & Pacific: 47%
- Americas: 36%
- Europe & Central Asia: 19%
- World: 44%

Notes: South Asia has a higher rate of informal employment than Africa: 78 percent. Because South Asia is grouped with more developed countries in Asia and the Pacific Islands in the chart, this fact is not visible.
1. **Mozambique – Casa Real**
   Social enterprise housing developer, Beira

2. **Pakistan – Ansaar Management Company (AMC)**
   Social enterprise housing developer, Lahore

3. **India – Syntellect**
   Software developer, Mumbai
➢ **Casa Real**: social enterprise housing developer, established 2017, in Beira.

➢ Negotiated with mainstream banks to unlock affordable mortgages, expedited by Dutch government and Beira Municipal Council.

➢ Absa Mozambique launched new housing mortgage product in early 2020, customers with lower monthly incomes than MZN 15,000 (US$210).

➢ Absa product open to customers in informal employment, salaried clients preferred.

➢ Absa provides financing for maximum 95% of property selling price, interest charged at national ‘prime rate’ (18%) plus 0.25%.

➢ Mortgage roll-out stalled by COVID-19. Casa Real/Absa now exploring alternative products such as Tenant Purchase Scheme.
PAKISTAN: AMC


➢ Brokered low-income mortgage product with mainstream financial institution – House Building Finance Company (HBFC).

➢ HBFC mortgages at 12% interest, for up to 20 years. Minimum monthly income of 25,000 PKR ($150).

➢ Available to formal and informally employed. 98% loan approval rate.

➢ Significant accomplishment, enabled by de-risking & lending security.

➢ Repayment rates demonstrate viable market segment.

➢ 60 mortgages granted to date, more in pipeline. Challenge to scale and replicate.
INDIA: SYNTELLECT

- **Syntellect**: software developer based in Mumbai.

- **RightProfile** platform to enable unbanked, new-to-banking and new-to-credit customers to access long-term mortgage finance.

- RightProfile collects targeted data points on potential customers, and analyses to produce customer profile reports: demographics, income, expenditure, informal business performance.

- Analyses data points with cutting-edge tech: machine learning, artificial intelligence, and stochastic modelling.

- Empowers lenders to assess, underwrite, reduce processing costs.

- Generated customer profiles for 20,000 clients in India, 14,000 approved. Turnaround time improved significantly.

- Strategy to scale up in Asia and adapt to Africa with Reall investment, expertise, network of partners/collaborators.
CONCLUSION: KEY LEARNINGS

➢ Engagement with commercial lenders

➢ Physical proof of concept

➢ Patient capital investment

➢ Risk mitigation

➢ Technological innovation
REALL

➢ Reall’s Data Dashboard: https://www.reall.net/data-dashboard/global/

➢ Reall on LinkedIn: https://www.linkedin.com/company/reall

➢ Reall on Twitter: https://twitter.com/reall_int

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