

Lulalend secures \$35m in Series B funding

Lulalend, the South Africa-based digital lender catering to under-served small and medium-sized enterprises (SMEs), has finalised a transformational \$35m (R600m) Series B funding round.



Source: Supplied. Lulalend founders Neil Welman, co-founder and chief technology officer and Trevor Gosling, co-

founder and chief executive officer.

Lulalend will use the capital to scale its business and address South Africa’s enduring SME credit gap, which is estimated to be more than \$20bn per year, according to the International Finance Corporation.

Lulalend’s \$35m Series B funding round was led by Lightrock, the global impact investor, with participation from new investors the German development finance institution DEG, Triodos Investment Management, and Women’s World Banking Asset Management, as well as existing investors The International Finance Corporation (IFC) and Quona Capital.

The company’s digital-first approach, alongside its proprietary credit-scoring algorithm has enabled it to offer a faster, simpler, and more transparent service for SMEs to access business funding.

By leveraging data from a diverse set of alternative sources, which support quicker and more accurate assessments of business health, Lulalend can review applications and distribute funds in hours as opposed to the weeks or months it takes traditional lenders. To date, Lulalend has disbursed billions of rand to SMEs across South Africa.



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Founded in 2014 as South Africa's first online provider of funding for SMEs, Lulalend's customer offering has recently grown to encompass a neo-banking proposition named Lula, built in partnership with Access Bank.

Offering a bank account specifically tailored for SMEs, an AI-driven cash-flow management tool, and real-time access to funding by means of the existing Lulalend funding solutions, Lula promises to simplify money management for the more than 2 million formal and informal SMEs that exist in South Africa.

The platform's current waitlist is made up of 20,000 businesses, highlighting the demand for this new approach to business banking.

The capital raised will enable Lulalend to increase the size of its loan book, bring new solutions to market, and invest in the technology and talent that will accelerate the rollout of Lulalend's new digital business banking proposition.

Meeting the needs of women-owned SMEs

In addition, in partnership with new investor Women's World Banking Asset Management, the company will work to scale its product to women-owned SMEs in the region.

Trevor Gosling, co-founder and chief executive officer of Lulalend, says: "We are excited to utilise these funds to grow and evolve our products so we can better serve the needs of South Africa's SMEs.

"We hope that our impact on this vital sector of the economy, which accounts for almost 40% of GDP and 60% of private-sector employment, is nothing short of transformative. Our vision is to drive financial inclusion, and act as a catalyst for growth and prosperity across the SME sector."

Customer Willem Haarhoff, founder of DoughGetters! Accounting, says: "The biggest challenge SMEs face is access to cash. What Lulalend has enabled me to do is take that worry about cash flow away. That has changed my life and really made my business run smoothly."

"Traditional lenders have historically under-served the SME market, unfairly hindering the growth of companies that make up the backbone of South Africa's economy," says Arul Thomas, principal at Lightrock.

"We are delighted to be partnering with Trevor and his dedicated team, who are levelling the playing field for SMEs with their simple, fast, and transparent approach to business finance."

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