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A Q&A with Powwi's Armando Fonseca Sierra and Fintech Horizons' Emilio Perez and Berenice Caballero.

by Emilio Perez

Armando Fonseca Sierra is the CEO of Powwi, a trademark of GDE Payments. Powwi is headquartered in Bogota, Colombia and was founded in August 2018. Powwi has created a mobile app that lets individuals and small businesses deposit money, pay bills, and send money. In the Q&A, Fonseca Sierra discusses Powwi's product offerings, its interest in raising outside capital, and the possibility of expanding beyond Colombia. The interview has been edited and condensed to fit an article format.

What is Powwi and how did the company get started?

Powwi lets people make electronic deposits and payments. The company was made possible as result of changes to the laws of Colombia in 2014, that allow for the creation of SEPDEs (Specialized Companies In Electronic Deposit and Payments)

The company was built with agile principles and a focus on innovation. In Colombia today, people have a hard time sending and receiving money, and the fees to do so are high.

Powwi was started last year and its goal is to increase financial inclusion, to reduce informality in the economy and reduce the dependency on cash.

The company offers financial products for both individuals and small businesses. For individuals, we have two products, known commercially as Powwi Agile and Powwi Más. Both products let people make deposits, put credits, make payments and send money orders.

Can you tell us a bit about those offerings?

Powwi Agile is a demand deposit similar to a simplified electronic account. It can handle up to three legal minimum wages currently, which is close to 2,500,000 pesos per month. About 80% of the population of Colombia has an income in that range.

If a person exceeds that amount, they can use Powwi Más. Powwi Más is a deposit with similar characteristics, but there are no caps and the customer is given additional information and monitoring capabilities.

A store that wants to increase sales can offer Powwi and those customers will return to the store to add money to their account.

There are also a large number of microenterprises in Colombia. These are businesses with less than 10 employees and sales of less than 65 million pesos per month. For these businesses, Powwi has a corporate portal to make payments, investments, and other inquiries.

What are your top goals for this year?

It is a very interesting year, one with important challenges. We are going to market and our expectations are high.

Growing the ecosystem is critical. Many people already use Powwi and a number of stores now offer it. This year, we would like Powwi to go viral. We want people to understand that having money in Powwi provides a greater return. That it is not the same as paying with a ticket. We have developed new ways for transferring money, which remove the operational costs that today are born by the consumer.

What activities does the company do as a team?

Each team member acts as an ambassador for Powwi. We want to speak about Powwi at every opportunity, so we get the word out.

We have not done a formal product launch. When we do launch, we want Powwi to already be well-known from events and from digital marketing. We want people to automatically associate Powwi with the topic of financial inclusion.

How can Powwi help companies with payroll?

We have Claro, a corporate portal for small businesses. Through the portal, a small business owner can make payments, manage payroll and view transactions.

Do you see Powwi expanding to other countries in Latin America?

All of Latin America has something in common and that is the idea of intuition. I will take Brazil out of the exercise, but none of the countries in Latin America has a situation where financial products are widely available. But when people anywhere in Latin America see something that is easy to understand, and innovative, it spreads rapidly.

The difference between Colombia and other countries in Latin America, is that Colombia is highly regulated. Our platform, therefore, has a regulatory component. So if we take out the regulatory component, we can expand to any country where a need for our services exists.

An important point regarding expansion is the need for partnerships. We believe we cannot do this alone, and if we try to, we will fail. We have a great opportunity to expand in Central America and Latin America. What is important is to have a model that works, that is scalable, and that can be customized for each country.

What has it been like to be a leader in the growth of Fintech in Colombia?

I worked 18 years at financial institutions in Colombia. These institutions have a certain way they do things. Regulation is always part of it.

At Powwi, we do things differently. We tell people we are a financial entity, but we are also a Fintech. We say we are a financial entity that also looks to innovate and follows agile methodologies. And of course people at financial institutions look at Powwi and ask—"what is it?"

That is because of the way those financial institutions operate. Any time you need to do anything at a financial institution you are asked to make a hundred photocopies. The procedures are implemented in a way that leave you scratching your head. You are left asking "Why? Isn't there a better way?"

Obviously doing things in an innovative way while complying with regulations is a challenge. But for us, that is the exciting part. When we find an obstacle, it gives us an opportunity to apply our creativity to solve it.

In the end, you need more than a good idea, you need to set it in motion. When something is in place and you take steps to improve it, then you are innovating! That is part of the culture we are creating at Powwi.

Have you raised capital?

To date, the company has been funded by shareholders. The shareholder group has more than 38 years of experience at financial institutions in Colombia. This group provided Powwi with its initial capital. Apart from that, we have not received an injection of capital .

Where would you like the company to be in a year?

We have a clear vision for the future, one created through operational, tactical and strategic planning. On the strategic side, our goal is to introduce at least one

new innovation per quarter to improve the customer experience. The customer does not know we are at work on these changes, but we do not expect the product to look the same next year. We have a plan to improve and expand all of our products and services.

What do you like to do when you have free time?

I enjoy spending time with my family. I also like to look every few months at what innovations are being developed in other parts of the world, not just in finance, but in other verticals as well. On weekends, I enjoy going on a walk with my dogs and clearing my mind to get ready for the week.

Are you interested in attracting funding from the US or Europe?

Yes, as I said, we cannot do this alone. To accomplish everything we would like to do in the next five years requires capital. We are looking at options to see how we can bring in outside capital. We are working right now with an investment bank that is helping us see what avenues exist to obtain a growth investment.

We have seen that it is easier to raise money from the United States or Europe, where capital can be brought into the region. There is a lot of innovation happening in Fintech in Latin America as a result of these investments.

Growth investors tend to have a different approach than companies. When companies invest in other companies in the same country, they wait for you to get to a certain size. So when they arrive, they ask me how many clients I have. I answer, "we have 2500 clients in two months." They say, "Talk to me when you reach a critical mass."

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