

*Infrastructure consideration:***Key to fintech startup growth in PHL — experts****By Brontë H. Lacsamana**  
Reporter

THE growth of financial technology (fintech) startups in the Philippines hinges on careful consideration of the available infrastructure and its impact on the integration of technology into the lives of Filipinos, according to industry experts.

“When you launch new technology, there’s a learning curve for users to adopt it,” said Aaron M. Villegas, co-founder and chief executive officer of the financial management application Lista, during an interview with *BusinessWorld*.

“It’s not sufficient to simply copy-paste an idea from a developed market,” he also said. “We need to incorporate localized elements.”

Lista is a free application that provides real-time tracking of income flow, profits, and savings for both individual users and micro, small, and medium enterprise (MSME) users.

In September 2021, when the app was launched, the global digital competitiveness index ranked the Philippines 58<sup>th</sup> out of 64 economies, based on future readiness, technology, and knowledge indicators.

Since then, its placement has improved slightly to 56<sup>th</sup> in 2022, but it still holds the lowest rank among Southeast Asian countries.

The digital divide, characterized by low mobile broadband penetration, affordability, and service quality, continues to pose a risk to the Philippines’ growth despite its citizens’ high internet usage, according to the International Finance Corp.

Lista said that its aim is to address these challenges by implementing an on-ground approach with its users. Through this approach, the startup introduces features that assist in achieving a balance in finances while maintaining a small app size for both online and offline usage.

The startup originated out of necessity in 2021 when Mr. Villegas’ parents encountered difficulties in comprehending the financial aspects of their family-owned stores. He observed a lack of available tools in the market that could aid Filipinos in gaining financial clarity, the entrepreneur said.

“The tools that were out there, if there were, were either complex or expensive,” he said. His family was relying on pen and paper.

“For all Filipinos, money is an issue, mainly because we weren’t taught to handle finances. Personally, after graduating, I only learned to manage my finances maybe three to four years after I gained work experience,” said Khritina T. Lim, co-founder and chief operating officer of Lista.

“I used Excel before, and it’s frustrating because you have to know formulas. It’s very manual,” she added.

**FINDING THE PURPOSE**

To start a business, it is not enough to have a good idea and just run with the risk. There has to be a clear purpose to do it, Ms. Lim said.

“I came from a very stable job and so moving to running or building a startup was really risky, but I was lucky enough to be surrounded by people who are very supportive.”

“When you find something that you like, something that

you’re passionate about, something that you’re good at — when you find a specific thing that has all three, it’s worth every risk,” she added.

For Mr. Villegas, the fact that developed markets have had financial tracking tools for quite some time already fueled his ambition.

“That’s why we thought of creating Lista, with the goal of providing Filipinos financial clarity and being their financial companion,” he said.

While the app primarily targeted smaller businesses that wanted to digitize their financials, it eventually became a tool geared towards helping individual Filipinos track their money, debts, and payments.

**YOUNG, CURIOUS, MOTIVATED**

Mr. Villegas, now 25 years old, was one of seven Filipinos recognized in this year’s Forbes 30 Under 30 Asia list, which features young entrepreneurs and trailblazers in Asia and Australia under the age of 30.

“When you’re young, you have a beginner’s mind. You have a fresh perspective. You have no preconceived notions of how things should work. You tend to be more curious and try to question them,” he noted.

Founding Lista at just 23 also meant he was hungry to prove himself. “Because you have more time and less obligations, it allows you to have freedom in terms of experimenting and building new ideas,” he said.

However, one disadvantage was that he lacked a proven track record. In the eyes of the adults in the room, he had not accom-

plished anything noteworthy, especially considering he was only a high school graduate, he noted.

“When you’re in that position, I think people tend to look down on you, tend to not take you seriously.”

To surmount this obstacle, he exerted even greater effort and deliberately sought the company of individuals slightly ahead in their own journeys, with the intention of absorbing a wealth of knowledge from their experiences.

**A MOTHER’S DUTY**

As a co-founder, it is common to view one’s startup as his or her “baby,” but this was particularly challenging for Ms. Lim as she was pregnant during the early stages of Lista.

“It’s a male dominated industry, but I’m very lucky to be around people who are very welcoming. To them, gender was never an issue. It was more of, what can you bring to the table?” she said.

While talking to investors from East Ventures, Saison Capital, and 182 Ventures to raise funds for Lista, the baby would kick, she said. She had to balance growing a baby inside her throughout the whole journey of growing a startup by fundraising and hiring.

“There are very few women in the startup world, so it can be challenging to find someone who can truly relate to your frustrations, your journey, or even just someone you can have a meaningful conversation with,” said Ms. Lim.

She also said that being a mother and a founder presents the most significant challenge a woman can encounter, but she appreciates and embraces challenges.

“When my baby resisted going to sleep early, I seized that opportunity to work and catch up on e-mails. Surprisingly, it fueled me with even more energy,” she added.

**TARGETING ALL FILIPINOS**

Like parents growing along with their child, a founder also has to grow along with their business. In Lista’s case, financial literacy is that process.

“We started by introducing the concept of financial management to Filipinos, then moving several stages until we reach a point that we’re confident that Filipinos are financially literate,” Ms. Lim said.

This also includes reducing the taboo nature of money talk in the culture of Filipinos by making it less intimidating.

There must be effort to understand what users need, before launching products and features, she added. Lista, the first financial management app in the country made by Filipinos for Filipinos, has to stand by this.

“We knew that we wanted to target all Filipinos, from the north to the south, even in the remote areas. For us to do that, we needed to make sure that without data you’re able to use Lista,” Mr. Villegas said.

While the country is in the process of reining in investments for better connectivity, innovators must for now be smart with the Philippines’ existing tech infrastructure.

Starting with building something that Filipinos want will result in everything else falling into place, rather than monetization or pleasing shareholders, he added.

The app now has over three million downloads across the country, double the number of downloads from half a year ago.

“In terms of usage, we’re seeing that both MSMEs and individuals are engaged on a day-to-day basis,” said Mr. Villegas. “And the main thing that they want to know is, am I financially healthy?”

Ms. Lim added that they hope to double the number of their users.

**EMBRACING UNCERTAINTY**

In a post-pandemic world, uncertainty and failure have become integral parts of business growth. “That’s the only time you’ll actually grow,” said Mr. Villegas.

He said that all founders and entrepreneurs have to overcome struggles and challenges on a day-to-day basis to become great.

Startups in the Philippines, in particular, face numerous hurdles, as evidenced by the country’s ranking of 59<sup>th</sup> out of 100 economies in the 2023 Global Startup Ecosystem Index, based on assessments of the local business environment.

This places the Filipino startup ecosystem as the seventh lowest in the Asia-Pacific region.

“If you’re afraid of the risk and the opportunity, it’s usually a positive sign,” said Ms. Lim. “It signifies that you genuinely care about it.”

The key is to utilize fear and curiosity as motivation to at least make an attempt, with the help of collaborators and a robust support system.

“Success is not achieved by a lone individual. It is always propelled by a group of people. Whenever possible, you want to ensure that you work with the very best,” said Mr. Villegas.

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